

Thursday, 21st August, 1947

Volume V



14-8-1947
to
30-8-1947

CONSTITUENT ASSEMBLY DEBATES

OFFICIAL REPORT

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CONSTITUENT ASSEMBLY OF INDIA

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CONSTITUENT ASSEMBLY OF INDIA

Thursday, the 21st August, 1947

The Constituent Assembly of India met in the Constitution Hall, New Delhi, at Ten of the Clock, Mr. President (The Honourable Dr. Rajendra Prasad) in the Chair.

PRESENTATION OF CREDENTIALS AND SIGNING OF THE REGISTER

The following member presented his credentials and signed his name in the Register—

H. H. Raja Anand Chand (of Bilaspur) (Punjab States).

The following members also took the oath:—

- (1) H. H. Raja Anand Chand (of Bilaspur).
- (2) Mr. Surendra Mohan Ghosh (West Bengal: General).

REPORT OF THE UNION POWERS COMMITTEE—(contd.)

Mr. President : We shall now proceed with the resolution which was under discussion yesterday.

Mr. H. V. Kamath (C. P. and Berar : General) : Mr. President, Sir, permit me to invite your attention to a matter of mere routine. As members of the Dominion Legislature, may we not reasonably expect to receive the *Gazette of India* and other official publications of Government to which the members of the former Central Legislature were entitled?

Mr. President : I will make enquiries about it.

Mr. Mahomed Sheriff (Mysore) : Mr. President, Sir, the Report of the Union Powers Committee that forms the subject matter of discussion today is a very important document as it vitally affects the privileges and the rights of the people living in the States as well as in the provinces. It is important, Sir, because it seems to me that only on a proper and appropriate allocation of the powers between the Centre on the one hand and the provinces and the States on the other that the future good government of the country will depend. It is necessary, therefore, that we should so allocate or distribute the powers as to retain effective control in the Centre, while not denuding the people living in the States and the provinces of their powers. You know, Sir, that in a federation there is a recognised division of loyalties and interests and in order to blend them a strong Centre is very necessary, but you also know, Sir, that too strong a Centre would result in the Centre becoming very oppressive and would result in the crushing, so to speak, of the

[Mr. Mohamed Sheriff]

liberties and privileges of the people living in the component units. Therefore we must be very circumspect and very careful in the matter of the distribution of the powers. We must be careful to see that the distribution is so made as to effect a happy compromise between strength on the one side and consideration of the rights and privileges of the people living in the States and in the provinces on the other side. I have gone through the lists which are appended to this Report very carefully and I have also heard with rapt attention the speech made so lucidly by Mr. Gopaldaswami Ayyangar. He has discussed threadbare the different aspects of the question. He has placed before us all the aspects of the question, all the pros and cons of the issue. He says, "Now that partition is a settled fact, we are unanimously of the view that it would be injurious to the interests of the country to provide for a weak central authority which would be incapable of ensuring peace, of co-ordinating vital matters of common concern and of speaking effectively for the whole country in the international sphere. At the same time, we are quite clear in our minds that there are many matters in which authority must lie solely with the Units and that to frame a constitution on the basis of a unitary State would be a retrograde step, both politically and administratively. We have accordingly come to the conclusion that the soundest framework for our constitution is a federation, with a strong Centre". Sir, with due deference to Mr. Gopaldaswami Ayyangar, I do not think that this report is a very satisfactory one inasmuch as it wants to assign to the Provinces and the States a very secondary part. After 150 years of turmoil, after 150 years of sacrifice undergone by the people of India, referred to so very lucidly by Pandit Jawaharlalji the other day, we have uprooted British imperialism. Let not that imperialism be perpetuated in another form. Why should the Centre be jealous of the component parts? After all, the people living in the States and Provinces are part of the whole. Their activities are counterparts to the activities of the Centre so that there should not be this suspicion. I submit, therefore, that the Centre should not arrogate to itself all the powers. Coming as I do from the State of Mysore, I feel that this report is very unsatisfactory. You know, Sir, that we have acceded to the Indian Dominion on three important questions, Foreign Affairs, Communications and Defence. These are the matters on which we have made a treaty and acceded to the Dominion. So far as the Federal Legislative List is concerned, you have tried to take away the powers from us. For example, you want to interfere with our trade. You want to retain for yourself trade and commerce with foreign countries. You want power to requisition land for defence purposes. All this savours of some force. So far as this report is concerned, you Sir, yesterday observed that we should deal with only salient points.

An Honourable Member : Not in this connection.

Mr. Mahomed Sheriff : I am sorry. In any case, I would request the House to see that the Centre does not arrogate to itself all the powers but that there is an equitable and happy compromise in the distribution of powers between the Centre and the units.

Shri Alladi Krishnaswami Ayyar (Madras : General) : Mr. President, after the very full exposition of the report by my Honourable friend Mr. Gopaldaswami Ayyangar I had not intended to take Part in the

debate on the Resolution now before the House, namely, the Report of the Committee on the Union Powers being taken into consideration. But I felt compelled to do so by reason of certain remarks of my Honourable friend Shri Santhanam (for whose opinion and remarks I always entertain a high regard) which suggest that the Committee did not seriously go about their business. The remarks of my Honourable friend fall under two heads: (1) Bearing on the subject of federal finance and the distribution of taxing power between the Federation and the units, (2) The general encroachment on provincial legislative power by the addition of certain items to the Federal List or to the Concurrent list. I shall deal with the two points *seriatim*.

There is no gain saying that the subject of federal finance and the distribution of the taxing power is a difficult and complicated problem in any federal scheme of Government and has to be approached with caution and discerning and at every stage when we are dealing with this subject we have to remember that, after all, it is an individual or a corporation that is taxed though there may be two taxing agencies, and that there is no unlimited scope for taxation. Secondly, the industrial, commercial and agricultural economy of the country is so closely knit together that the taxation in one sphere must necessarily have its repercussions on taxation in another sphere. Bearing these points in view, let us approach the consideration of the taxing system of other Federations and see if on the whole the system adopted in India is not an improvement on the system in other countries with due regard to the peculiar conditions, the poverty and the taxable capacity of the average citizen in this country. In Australia the Commonwealth has plenary powers of taxation with the only safeguard that it cannot discriminate between States or parts of States. I am mentioning Australia particularly because it is a Federation in which the residuary power is in the Union. The States have plenary powers of legislation and it is only in particular matters that powers are confined to the Centre. Even in that country with the growing needs of a modern state, it was felt that the Federation must have plenary powers of taxation. There is no limit at all to the power of taxation in Australia in the Centre excepting this, namely, that it shall not discriminate between State and State. In regard to excise and customs the power in the Commonwealth is exclusive though in regard to other subjects of taxation the Commonwealth has a Concurrent and coextensive power with that of the States. In the Constitution of the Dominion of Canada the power of the province in the matter of taxation is confined to direct taxation and to shop and other licenses for the raising of revenue and it is in the exercise of the power of direct taxation that Provinces in Canada have been raising Corporation taxes, income-tax and succession duty, where the succession has taken place within the limits of the province. So far as the Dominion is concerned it has plenary and unrestricted power. The Royal Commission appointed recently to investigate Dominion and Provincial relations was definitely in favour of the Provinces withdrawing from all Corporation tax except beneficial licence taxes, tax on real estate or consumption taxes applicable to corporations and other consumers. The differential taxes levied by different provinces in Canada have led to the crushing of enterprise, the lack of uniformity and efficiency from divided jurisdiction and double and treble taxation. The subject of succession duty by provinces has led to friction of jurisdiction and has been a source of friction and litigation before the Privy Council and double income-tax both by the Provinces and the Centre has been

[Shri Alladi Krishnaswami Ayyar]

the subject of adverse comment by the industries concerned. A through revision of the taxing system was recommended by the Committee with a view to secure uniformity, the main recommendation being that the taxing power should reside in the dominion and that an adjustment should be made between the Provinces in regard to the taxes levied. While on this subject I may point out I am in favour of a definite proportion being fixed between the provinces and the Centre though the tax-collecting medium may be the Centre in the interest of uniformity. I have no doubt that if a financial Commission or a Committee goes into this matter, they will be able to arrive at a satisfactory conclusion. so that the Provinces may get the necessary quota for the purpose of meeting the various social service expenditure in the provinces. In America again under Section 8, a general power of taxation is vested in the Congress, subject only to the restriction that the duties imposed including excise shall be uniform throughout the United States and that no tax or duty shall be levied on articles exported from any State. Under the scheme, of financial distribution in the Government of India Act and to some extent as envisaged in the present Report as far as possible the object is kept in view to prevent a double levy on the citizen from two different sources. That is why certain specific taxes have been assigned to the Centre and certain other taxes to the Provinces. Even in regard to taxes in respect of which the Centre is the collecting agency on grounds of convenience, provision is made for the distribution of the same to the provinces, subject only to collection charges or for division of all the proceeds between the Centre and the Provinces. In regard to certain taxes like corporation tax, customs and certain specific items of excise the Centre the both the collecting agency and the authority entitled to the proceeds thereof. In regard to other items like estate duty, succession duty and so on, in the interest of uniformity, speedy collection and administrative efficiency the Centre is constituted the collecting agency, the proceeds being distributed between the Provinces. In regard to income-tax the scheme is for the distribution between the Centre and the Provinces. The Provinces have the sole right of collection and exclusive beneficial interest in a few items of taxation. While I do not dispute the need for readjustment or even reallocation in regard to a few items of taxation in the light of the recommendations of any Committee appointed for the purpose, I venture to state, that the scheme of distribution in the Government of India and to some extent outlined in the First Committee's report is a sound one and in some respects an improvement upon the scheme of taxation in other countries.

Beyond making certain general observations, my honourable friend has not chosen to state in what respects the scheme of taxation and the distribution is unsound and in what respects the recommendations of the Committee are radically defective. So much for finance.

In regard to the scheme of distribution of powers, the House will realise that there is nothing to take exception to generally. While a good number of items in the Central list can be brought under the head of Defence, Foreign Affairs and Communications, the three main heads envisaged by the Cabinet Mission Scheme, the items such as Bills of Exchange, Banking, Corporation Law, Inter-unit trade bear upon the general welfare of the country. It is possible in regard to Banking, Corporation Law and Insurance, following the Australian and Canadian model to differentiate between Corporations having purely provincial

objects and Corporations whose objects extend beyond the limits of the Units. If so, it would be open to any Committee or to this House to take that into consideration and canvass that point whether it is possible to make any exception in regard to Corporations or Banks having purely provincial objects. We have been crying about a strong Centre. If you look at the provincial lists, very few if at all of the provincial list have been taken up and transferred to the federal list. It will be a much more useful purpose to take item after item in the provincial list. We ought to take item after item in the Central first and see which of them can be transferred to the provincial list instead of arguing abstractly, Centre *versus* Provinces, a strong Centre *versus* weak Centre, strong Provinces *versus* weak Provinces. This is of no assistance when we are dealing with the practical question of evolving a constitution for the future. We shall have to concentrate our attention in the next few days on particular items and see which of the items deserve to be modified. That would be a much more useful purpose than a general attack upon what might be called a strong Centre or a weak Centre. There may be very few items in the Centre and yet that Centre may be strong. Today it cannot be said that Australia has not a strong Centre; today it cannot be said that America has not a strong Centre. Therefore, having regard to the exigencies of the Indian situation, concentrating our attention upon the main topics of national interest in their relation to the subjects we have to see which of them can find a place in the Central list, which of them can find a place in the concurrent list and which of them can find a place in the provincial list. That would be a more useful mode of approach than a general attack upon the Centre, Provinces and so on. Very few if at all of the items of the provincial list have been taken over to the Centre, as I have already stated.

The existence of a concurrent list in matters like the general code of Indian law, or Hindu Law makes for a uniformity of law. Here again, it is a very useful feature in our constitution. For example, take a matter like the Transfer of Property Act, the Hindu Law, the Law of Succession and so on. There is nothing to prevent even the States from adopting most of the items in the concurrent list. I do not see any reason why the States for example in the interests of sovereignty must be really going on copying or making some small differentiations and passing their own acts in regard to matters of vital and common interest to the whole of India. The common practice that is now obtaining in most of the States is, after an Act is passed by the Indian legislature, for the same Act to be copied in the Indian States with some slight modifications which may add to the purse of the lawyer and not help the uniformity of the law in the different units of India.

Then, coming to the break-down provisions, if the breakdown provisions have been introduced, it was at the instance and on the insistence, if I may say so, of some of the provincial representatives who are occupying responsible positions of Ministers in the different provinces of India. Therefore, Sir, I venture to state that the labours of the Union Powers Committee deserve careful consideration at the hands of the Assembly, and I have no doubt that at the end of your labours and after searching criticism which I have no doubt will be coming from enlightened quarters of his House, you will find, it contains nothing that can be taken exception to. I therefore support the motion that the Report be taken into consideration by the House.

Shri Balkrishna Sharma (United Provinces: General) : Mr. President, Sir, I have come to support the motion that the Union Powers Committee's second Report be taken into consideration.

[Shri Balkrishna Sharma]

While we have a preliminary discussion of this report, we are generally called upon to express our views regarding the fundamentals on which this Union Powers Committee's Report is based. In the second paragraph of the Report, it has been said:

"The severe limitation on the scope of central authority, in the Cabinet Mission's plan was a compromise accepted by the Assembly much, we think, against its judgment of the administrative needs of the country, in order to accommodate the Muslim League. Now that partition is a settled fact, we are unanimously of the view that it would be injurious to the interests of the country to provide for a weak central authority which would be incapable of ensuring peace of co-ordinating vital matters of common concern and of speaking effectively for the whole country in the international sphere."

I think, Sir, this is a principle to which no same-minded person can take exception. When we accepted the May 16th Plan and when as a result of that we came to the conclusion that the powers that were to be vested in the Centre were very limited, most of us felt that that was not in the fitness of things and that the Centre must have more powers in order to execute the responsibilities that are to devolve upon it as a result of our gaining independence. But, then, as has been very rightly said, we had no say, but to accept the principles that were laid down in the May 16 Plan. Now that plan has been scrapped and we, today, have to be very clear in our minds, as to what we mean by a strong centre and whether any powers that we give to the Centre are necessarily detrimental to the free growth of the provinces.

Before we come to discuss the various items that are given in the lists, it is necessary, Sir, that we note what the attributes of a strong Centre are. To me, the attributes of a strong Centre are that it should be in a position to think and plan for the well being of the country as a whole, which means that it must have the authority not only to coordinate the activities during times of stress and strain, but also the power of Initiative to give directions to the various provinces in regard to the economic development of the country. The second attribute of a strong Centre is that it should be in a position to supply the wherewithal to the provinces for their better administration wherever the need arises. The third attribute is that it should have the right in times of stress and strain to issue directives to the provinces regulating their economic and industrial life in the interests of the country as a whole. The fourth attribute of a strong Centre is that it must have sufficient powers to protect the country against foreign aggression as also internecine warfare. Then the fifth attribute of a strong Centre is that it must be powerful and strong enough to represent the whole country in the international spheres. These are the attributes to me of a strong Centre.

The next question arises whether these being the attributes of a strong Centre we want a strong Centre or whether we do not. And before we discuss this question whether we want a strong or weak centre, we should at once understand that the existence of a strong centre in no way militates against the existence of a Powerful living unit inside that central authority.

Yesterday we heard rather curious speeches from two of the stalwarts of provincial autonomy. One was from Maulana Hasrat Mohani and the other from Shri K. Santhanam. Mr. Santhanam spoke rather bitterly and

very vehemently about the powers that are proposed to be given to the Centre under this scheme of the Union Powers Committee Report. But if we analyse the lists that have been appended to it we will find that there are very few subjects to which even a protagonist of Mr. Santhanam's type—a protagonist of the devolution or decentralisation scheme—could take exception to. As a result of my analysis I have come to the conclusion that for the Federal List, subjects from items 1—10 cover Defence activities in various shapes and forms, and I do not know if there is anybody who can take exception to it; *e.g.*, the defence of the territories of the Federation and every part thereof, and all preparations for defence, as well as all such activities as may be conducive in times of war to its successful prosecution and after its termination to demobilization. So on one in this House can take objection to this sort of activity on the part of the Centre. As I said, in items 1—10 there are enumerated various items which cover more or less the defence responsibility of the Centre, and I do not know if any body would take any exception to it.

Then again, from item 11 to item 25, there are various subjects given which are included in what is called the domain of foreign sphere and here also I do not think Mr. Santhanam or even Maulana Hasrat Mohani will take exception to that.

After this we come to item No. 28. This deals with imports and exports, libraries and museums and universities. These are certain responsibilities which are with the Centre already and which have to be with the Centre, and I do not know if anything substantial can be said against giving this responsibility to the Centre.

Then we come to items 29 to 39 which are under what we may call Communications. Here again there can be no difficulty in accepting them as a necessary part of the central authority.

In Items 40 to 53 in the Federal List, there are various subjects like Surveys, Federal Judiciary and Acquisition of Property for Federal purposes, Research, Census, Reserve Bank of India, Public Debt, Interest, Currency etc. I doubt very much, Sir, whether these items also can be given to the various provinces. It is but meet and proper that the Union Powers Committee should have given all these subjects to the care of the Centre.

Then from Items 54 to 59 we come to some subjects regarding Trade, Economy, Insurance, Corporations, Banking, Cheques, Bills of Exchange, Patents, Copyrights, etc. These are also all-India matters. No province can be saddled with the responsibility of executing them. Similarly, if you can the list there is not one item to which exception can be taken. Of course Items Nos. 54 and 64 are contentious.

Item No. 64 says:—

“Powers to deal with great economic emergencies in any part of the territories in the Federation affecting the Federation.”

Item No. 4 says:—

“Development of Industries where development under Federal control is declared by Federal law to be expedient in the public interest.”

These are the two items which might be taken exception to by way of saying that they encroach upon the responsibilities of the provinces.

[Shri Balkrishna Sharma]

But I beg to submit that there are occasions and there are situations in the Provinces where the provinces themselves cannot tackle these big problems, and if we have to enjoy a growth of equitable industrial distribution in the country, then we shall have to reserve to the Centre such of the powers as are sought to be given under these two items, and therefore I do not think, Sir, there is anything which can be said against the inclusion of these items to the care of the Centre. In what Mr. Santhanam and Maulana Hasrat Mohani said. I see a case for decentralization, and when I was hearing their speeches I was asking myself whether it is not India's age-long historical tendency of disintegration which was speaking through these stalwarts. Mr. Santhanam talked a lot about the obsession on the part of the framers of this Constitution to give more power to the Centre than was needed. Will, so far as the obsession is concerned, I think it is the other way about. It is the protagonists of decentralization who are obsessed with the fear that unless the Centre is kept weak, all the authority that they are likely to enjoy in the provinces shall not be worth the name. This sort of fear, after all, should not haunt us. We should not go on creating imaginary hobgoblins and then ask others to be afraid of those hobgoblins.

I think Maulana Hasrat Mohani talked a great deal of having socialist republics throughout the country. I think the Maulana does not know that the Soviet Socialist Republics cannot enjoy their existence in the country unless they are well knit and unless there is a central directive. After all, all of us must be prepared for the consequences of socialization of industry. Socialization of industry is not a thing which can be done in a piece-meal manner. It has to be centrally directed. It has to be guided from the Centre and then all of us have to prepare ourselves for a lot of grotesqueness in the process of nationalisation and socialization. We cannot fight shy of that. Then, in order to have a socialist society, we must at the same time have in our country a decentralised system of Government. That does not carry us very far. Therefore, I submit that the report, as it has been framed, deserves our fullest possible support, and when we come to discuss it item by item, the House will certainly find that all the criticisms that have been levelled against it do not hold any water whatsoever. It was also said that there should be equitable distribution of power and finances. It is already there. Look at the Provincial legislative list. You will find items from 40 to 58—there are 18 of them—which give all the rights of taxation to the provinces. I need not narrate all those items that are there. The Provinces can have their own land revenue taxes including assessment and collection of revenue, the maintenance of land records, survey for, revenue purposes and records of rights; then, taxes on agricultural income; taxes on lands and buildings; duties in respect of succession to agricultural land, estate duty in respect of agricultural land, duties on mineral rights, capitation taxes on professions, and so on and so on. So many opportunities have been given to the Provinces to levy taxes; and from the very lucid and learned discourse which we heard only a minute ago from Mr. Alladi Krishnaswami Ayyar we know that in no way the provincial interests have been ignored by the framers of this Report. Therefore, Sir, I wholeheartedly support this Report and I think the House on mature consideration will find that there is not one single item to which any exception can be taken.

Mr. G. L. Mehta (Western India States Group) : Mr. President. Sir, when some of us wanted to participate in this discussion yesterday I had

an impression that the Report that has been so ably and impressively moved by Sri Gopaldaswamy Ayyangar would receive the general benediction of this House. Of course, we were prepared for the amendment which Maulana Hasrat Mohani moved in a bilingual speech, but the speech of Mr. Santhanam, for whose objective attitude I have very high regard, took my breath away. Mr. President, we seem to discuss this question of division of powers as though it were a kind of tug of war or a tussle between one authority and another. It is nothing of the kind. It is a plan whereby through mutual concessions, provincial and cultural loyalties should be preserved and promote the political strength and solidarity of the Indian Union. The second Report itself has explained lucidly why residual powers should be with the Centre. Maulana Hasrat Mohani yesterday astonished us by saying that now that there is partition of India there is no reason for these residual powers to be with the Centre. On the contrary, the reason why this concession of residual powers was to be given to the Units was a kind of bargaining for communal considerations. But now that there is partition, there is no reason why the homogeneous Indian State should not have a strong Centre. There is some fascination, Mr. President, for always referring to the Union of Socialist Republics, but if you study the constitution and development of Soviet Russia, what do you find. The right of secession and other rights which are given to the Units are theoretical rights. The whole State is maintained through the rigid and ruthless discipline of the Communist Party. And therefore there is no point in always referring to the Union of Socialist Republics in India as though the socialist republics could be independent. As was pointed out by the previous speaker, Shri Balkrishna Sharma, even if you have socialism in this country, it is absolutely essential that there should be a Central direction and initiative. We should not forget, Mr. President, that the Federation that we are trying to evolve is a Federation which has no precedent in the world, because till now through the British administrative machinery and through their treaties and agreements with the Indian States, we have had a powerful Centre in this country. In several other countries, where Federation has been built up, it has been built up through independent sovereign States coming together whereas here until 1935 the whole question was one of decentralisation and revolution. And secondly, the whole relationship between the Centre, which was under British Indian administration until the 15th August, and the Indian States is one which is unique. It is no use people getting impatient and saying that there should be complete uniformity between the Provinces and the States from the beginning. We are not writing on a clean slate, and even if the system is illogical we have to remember that logic does not always fit in with politics. We have seen, for instance, that the British who are admittedly a most illogical people, have made a remarkable success of their constitution. We have therefore to build up the national unity of India in the best possible manner. This question of relationship between the Centre and the Provinces is considered as though it is one of mere political mechanism and separation of powers, but what will ultimately determine these relationships are economic facts and financial considerations. May I say, with all respect, that we are too apt to derive our ideas and frame the constitutional pattern on the 19th century political ideology of Britain? There is some danger in our thinking of the Federal system or some particular forms of government in the abstract as having some special merits which make them desirable in themselves. We are always fond of quoting some models, some patterns, and arguing that as A, B and C powers do not exist in some constitution of the world, we cannot have them in our own country. This sort of imitation of political institutions, of transplantation of political

[Mr. G.L. Mehta]

institutions from other countries has always some risks. There is said to be a tribe of monkeys in Africa which copy faithfully the houses of men and then live on the outside of them instead of inside. The transplantation of political institutions is not free from this danger of copying the obvious and leaving out the essential. We have to build up this system on the conditions of our own country, not on any abstract theories. The local needs and interests in our own country require special treatment and nobody suggests that this vast country with its size and its multiple people can be ruled on a unitary basis. "Over-centralisation", a French political observer said, "leads to anaemia at the extremities and apoplexy at the Centre". Undue centralisation is not a way of achieving uniformity. In fact, we do not wish to effect uniformity in this country, but unity in essential matters. But I must emphasise that we have to be on guard against fissiparous and disintegrating tendencies which are always bound to prevail and we have to be conscious of our national unity which we have achieved and which we must maintain as one of our priceless possessions. Mr. President, it is very often argued by our British friends that one of the greatest gifts of the British Government to this country has been the administrative unity which has been given to it. There is no doubt some truth in it, but there is also truth in this that as the national movement grew stronger, the British Government encouraged in this country every kind of fissiparous and disintegrating tendency and the result is the partition we see before our eyes. We are unfortunately too prone to fall victims to these disintegrating and centrifugal tendencies. Paradoxical though it may seem, it is only a strong Centre which can build up adequate provincial autonomy and achieve decentralisation. Under the scheme which has been presented to you, it can be broadly stated that the power to regulate economic life is divided between the Provinces and the Centre and there is wide scope for provincial powers and responsibilities in the economic and social spheres. After all, we have to judge this problem from the angle of the needs of the ordinary citizens and see how best they could be satisfied and not lose ourselves in the politics of machinery and manoeuvre.

As a matter of fact there are only two main criteria by which we have to judge this question namely, what will secure efficient administration and what will meet the social needs of the people. These needs, material or cultural, can be satisfied if the various Provincial Governments are in a position to supply them, these needs which the citizens today demand of them.

We must also not forget, Mr. President that economic forces and strategic considerations to-day tend to invest the Centre with large powers. If we want to organise economic development and social welfare as people organize for war, then the state of the future will have to be a 'positive' state, it will have to be a social service state. It will require large finances and more or less homogenous economic conditions will have to be maintained in order to achieve these purposes.

I was surprised to find my friend Mr. Santhanam objecting to planning being in the concurrent list of subjects. What else can it be? There are Central plans and there are Provincial plans and some of the Indian States have their own plans. In the Advisory Planning Committee under the chairmanship of Mr. K. C. Neogy, which submitted its report early this year, it was stated that the Central and Provincial Governments

must regard development as a matter requiring joint effort in a cooperative spirit and must agree on a common policy of developing their financial resources to the utmost possible extent. As a matter of fact, planning has been a concurrent.....

Shri K. Santhanam (Madras: General): I would like to draw the attention of the speaker that I wanted planning to be dealt with in a separate chapter of the Constitution and not merely as an item. I did not object to planning being done by the Centre and the Provinces together.

Mr. G. L. Mehta: If that is the case, then I think my friend has no objection to national planning being a concurrent subject. In any case, the initiative, the direction and guidance have to come from the Centre and the implementing of such decisions will have to be with the various units. Economic, technological and scientific developments have made somewhat obsolete, the old division of powers between the Centre and the circumference. Take the T.V.A.—The Tennessee Valley Authority in the U.S.A. The success of that scheme has shown that the fear that setting up a federal agency would undermine and destroy State Government's that is, the Unit's power and rights is a false fear; and that we can so organise as to have central production and yet have local responsibility. Whatever the constitutional set-up may be, the relationship between the Centre and the Provinces will be determined by economic forces and tendencies, and financial considerations. Commerce, trade and industry today as well as the economic relationship which they involve are national in scope and cannot be easily divided into Provincial and Federal aspects for purposes of regulation. Mr. President, Mr. Santhanam also said yesterday something about the mention of industries in the List of Federal Subjects. Apart from Item 6 Defence Industry, in the Item 65 there is the mention of development of industries where development under Federal control is declared by Federal law to be expedient in the public interest. This is the only rational way of dealing with this problem. As far back as 1945, in their statement on industrial policy, the Government of India have stated that industries in which a common policy is desirable should be brought under Central control. Can we not trust the future Central Government of India to decide which are the important defence industries, which are the essential industries and which are the industries which are inter-provincial in character and should be brought under Central control? In fact, in labour matters, we know that in many respects uniformity is desirable; otherwise there is the risk of one Province being very backward and another much ahead of it. Therefore there is strong case for regulation on a national basis. As regards the Indian States, for example, with some notable exceptions, the conditions regarding labour legislation and taxation, for example, do not attain the required standard and we should now try to evolve common standards in the spheres of industrial policy, taxation and labour legislation.

Mr. H. V. Kamath: Sir, is it permissible for my honourable friend to read from a manuscript?

Mr. G. L. Mehta: I am not reading; but if Mr. President, you do not desire me to read. If that is your decision....

Mr. President: I take it the member is not reading, the has only notes before him.

Mr. G. L. Mehta: If Mr. Kamath, whose eloquence I cannot match, can speak extempore, I will invite him to follow me.

[Mr. G. L. Mehta]

Mr. President, at no time has the importance of preserving the economic unity of India been so evident as in our experience during the time and in the post war period. The food question, for example, the whole question of price control, the whole question of rationing, all these require development and Organisation on an all-India basis which does not permit of territorial barriers or interprovincial jealousies and for these problems we require a comprehensive and integrated economic policy, not only for our material advancement, but for our very national existence. In many spheres we require common and even uniform standards, as, for example, in respect of naval and mercantile marine training, training in the various branches of aviation, in respect of administration of higher technological institutions and of co-ordination of higher education and higher technical education in particular; in all these respects we do require that there should be all-India policies and measures. This notion of a strong Centre or a weak Centre as Mr. Alladi Krishnaswami Ayyar observed, cannot be discussed and disposed of in merely general terms; you have to get down to brass tacks, to particular items, and then decide whether this item or function is really a function which can be performed better by the Centre or by the Provinces.

There is only one word more which I would like to add. We must not forget that one of the primary reasons for the Provinces demanding larger powers has been the need for economic development. We have to cure economic ill-balancing in this country. We have to have regional planning, we have to see that those areas which are more backward and under-developed are given even preference; because if this is not done, the lower standards of living in those parts or the lower national income there would menace the higher standards in the other parts. In order to avoid inter-provincial jealousies, economic development on a balanced plan for the whole country is essential. But here again, what is the authority that will do that? Unless there is a national authority, unless there is an authority to allocate the resources and determine the priorities and co-ordinate these different plans, we cannot really have the development of these less developed or under-developed areas in our country.

I cannot conclude, better than by quoting—and I hope Mr. Kamath will not object if I read a small portion at this stage—from the report of the Royal Commission on Dominion and Provincial Relations in Canada—

“National unity and provincial autonomy must not be thought of as competitors for the citizens’ allegiance, because they are two facets of the same thing, a sane federal system. National unity must be based on provincial autonomy and provincial autonomy cannot be assured unless a strong feeling of national unity exists throughout the country.”

An Honourable Member: Closure.

Sir A. Ramaswamy Mudaliar (Mysore State) : Mr. President, it is with some hesitation that I venture to intervene in this debate. I should not be understood to speak purely on behalf of the States though that primarily is my responsibility. I hope the Assembly will permit me to speak on behalf of all units of the Federation and give my frank views on the subject that is now under discussion. Let me first state that as far as I have understood the sentiments of every member of this Assembly, there is no one in this House who has a feeling that the Centre should not be strong. It is not a ‘tug of war’ between the Centre and the Provinces. It is not a question of not appreciating the necessity of a Centre which is strong, firm, knows its mind and has no fear of executing its policy. We want such a Centre. Those of the States who have acceded to this Dominion have acceded with no mental reservation whatsoever.

(*Applause*). It is with the desire to make this Federation a success, it is with the anxiety, that this Federation shall have as far as possible a dignified place among the comity of nations, that its representatives shall rise to the full stature of manhood, that in their speeches and in their contributions at International gatherings they will speak with a voice second in authority to none at that gathering that we have acceded to the Dominion. (*Loud applause*). Therefore, Mr. President, let there be no doubt whatsoever that there is anyone in this House representing a State or speaking on behalf of a State or representing a Unit and speaking on its behalf, who has the slightest desire in any way to minimise the work of this Centre, the powers of the Centre or the authority which that Centre should exercise. If in spite of that there have been occasional voices raised regarding provincial autonomy—which for instance is a misnomer because there is no such thing as Provincial Autonomy; the powers are shared between the Centre and the Provinces—if in spite of that there have been occasional voices raised, hushed voices sometimes, clamant voices, greatly daring at times perhaps, it is only because there is another aspect of the question which has also to be appreciated by this august assembly. The obverse and reverse of the coin should both be studied before one has a full and comprehensive idea of what this scheme means and what it is intended to serve. Let me tell you. Mr. President, and I hope You will agree with me as President of the Assembly if not as a Member of the Central Government, that the headaches of Administrators of the units are at least as great as the headaches of Administrators at the Centre. There are problems facing them which in their own sphere are acute, grave, difficult, economic problems of the first magnitude, grievances which it is hard to satisfy, ambitions, hopes, aspirations which it is very difficult to fulfil. Remember, Sir, that much of this sphere of activity which makes for the happiness of the individual man lies with the Province or the unit of administration and not with the Central administration. You in the province have the responsibility for free and compulsory education, a goal which you have put before yourself. You have the responsibility for proper medical aid for sanitation, for promoting health, making the man live a little longer than the average life of 25 or 27 years which has been so far our lot in this country. You have the responsibility of seeing that proper conditions of housing accommodation and other amenities are provided. All that responsibility is on the Provincial administration. It is because of the weight of that responsibility that the administrators of units feel that in the separation of powers and particularly in the sphere of taxation they have not got enough resources to satisfy those responsibilities. Let us not lay the flattering function to our soul that we are better patriots if we propose a strong Centre and that those who advocate a more vigorous examination of these resources are people with not enough of 'national' spirit or patriotism. Therefore, I would echo the sentiments that were given expression to both by my friend Sri Alladi Krishnaswamy Ayyar and by the last speaker and my friend Mr. G. L. Mehta, that what is to be discussed and thoroughly analysed is not the general proposition of a strong Centre and a weak Centre, or the division of responsibility and Sovereignty between the Centre, the Federation and the Provinces but the actual resources that are provided in this report of the Union Powers Committee. Let me say also this. I was glad to note that in the final and concluding remarks of my friend Sri Alladi Krishnaswamy Ayyar he threw aside the theoretical precedents that may be quoted from text books or Constitutions regarding Federation and asked us to apply our minds to the actual proposal in this paper and to analyse that proposal. I think that is a salutary thing to do. It is from that point of view that I venture to examine these proposals.

[Sir A. Ramaswamy Mudaliar]

Now, Sir, the cardinal feature of this, the one thing that has obsessed many of those who have studied this problem from the point of view of the unit, is its taxation proposals. I have said before and I repeat again, that the gravest responsibility is cast on the units for providing what are called nation-building activities. These nation-building activities, remember Mr. President, are the activities which build up the nation and these are the direct responsibility of the units and not of the Centre. For greater responsibility lies on the Centre for the defence of the country. For if we lose our hard-earned liberty, nothing else is worth having. I appreciate that. I want the Centre to have all the powers necessary for that defence. I want the Centre to have all the resources necessary for carrying out its primary objective of defending the country. There is no question of that; but let us also remember as I said, there is another side to the picture that the defence activity cannot be strong unless the nation itself the individual who makes the nation is also strong unless they are healthily fed, unless they are properly educated, unless they are in a position to stand up as real stalwart units of the nation and that responsibility again I say is on the provinces and not on the Centre.

Now, Sir, let us examine the taxation proposals, the powers that are given to the units in this paper, to the provinces. They have been itemised from item 40 to item 58. What more does a province want? They are as many as 18 items of taxation; but let us examine them. The House will pardon me for a few minutes if I coolly and analytically examine them item by item. The first item is land revenue. Now, Sir, it is a notorious fact that for years the agitation has been not to revise the settlements and to do away with land revenue as far as possible. Prime Ministers and Ministers of Provinces elected on adult franchise having the whole weight of the elected authority behind them in the Councils will find very hard indeed to raise land revenue. What of the Prime Ministers are do it in the race of that agitation? Land revenue, far from being an increasing asset will, I venture to prophesy, be a decreasing asset in the future so that land revenue may not be the great asset that it is claimed to be. Let us look at item 41—Duties of excise on the following goods—alcoholic liquors, opium and medicinal and toilet preparations. Alcoholic liquor, Mr. President, with a mandate from the Centre for prohibition which most of the Provinces have already accepted, with a ban which is demanded both by popular opinion and even by the dictates from the Centre—what is the revenue that we can expect from alcohol? Opium again is controlled by the Centre and is subject to International Conferences and regulations. It is bound to be a vanishing revenue. Let us therefore realise that 41 may as well be abolished as put on the list as a source of revenue for the province. Taxes on agricultural income, and I take that item along with Estates Duty in respect of agricultural land and duties in respect of succession to agricultural lands. When the question of the abolishing of zamindari is in the air, and I understand it is going to be an accomplished fact very soon, when division of large holdings is bound to come when peasant proprietorship is going to be recognized or made as far as possible feasible, taxation on agricultural land is bound to become a very poor source of revenue indeed, and if you take it along with Estate Duty in respect of agricultural land, the peasant proprietor having two acres to four acres holdings, what sort of duty are you going to collect from it?

Shri Alladi Krishnaswamy Ayyar: Estate duty even in respect of non-agricultural lands, though collected by the Centre is really a provincial source of income.

Sir A. Ramaswamy Mudaliar: I am aware of that from the report which has dealt with the question and I shall presently refer to it. Estate Duty on agricultural land is a misnomer according to me. You are not going to get it even if you are in a position to levy that tax. Then, Sir, taxes on lands and buildings, hearths and windows, I understand that this item appears in the Act of 1935 and in some tribal areas local bodies have a power to tax the hearths and windows. In any case it is not a tax from which the Provinces can expect much. This is a tax for the local bodies and not a source of revenue to the Province. Duties in respect of taxation of agricultural lands and Estate Duty I have already dealt with. (46) Taxes on mineral rights, subject to any limitations imposed by any Act of the Federal Parliament relating to mineral development. Here again, limitation comes from the Federal Parliament. (47) Capitation taxes. Yes, that is a very good source of revenue if any provincial Prime Minister will levy a poll tax, a revived *jezia* which was levied in the old days. I wonder how many of the Provincial Ministers and their colleagues will have the temerity to propose such a capitation tax to their provincial legislatures. (48) Taxes on professions, trades, callings and employments. This again is taxation of a very poor kind, yielding a small amount mainly intended for local self-government institutions. (49) Taxes on animals and boats. I wonder again, with the strong pressure from agricultural and rural areas which is bound to be exerted in the new legislatures, how many will be able to tax animals and boats. (50) Taxes on the sale of goods and on advertisements. This is the one tax that is being exploited now. But I venture to say that there is a limit even to that taxation. As far as possible it should be uniform more or less in all the provinces. You will be killing the goose if you merely go on increasing the sales tax. The law of diminishing returns is bound to operate as in the case of tariff on imported goods.

The next item on the list is: (15) Taxes on vehicles suitable for use on roads, whether mechanically propelled or not, including tramcars, a source of revenue intended for local bodies. Then we have: (52) Taxes on the consumption or sale of electricity. When one is trying to develop electricity in the provinces, when one wants industries to be established by giving cheap electric power so that as many industries as possible may be established in the different provinces, to impose a tax on the sale of electricity and what is more, to expect any heavy revenue from that is, I think, to indulge in a fanciful hope.

We have next, item 53. Cesses on the entry of goods into a local area for consumption, use or sale therein. This is a sort of octroi for the municipalities and other self-governing institutions. (54) Taxes on luxuries, including taxes on entertainments, amusements, betting and gambling. Here again, betting and gambling are sought to be abolished by the provincial ministries. At any rate, public opinion is supposed to be in favour of the abolition of betting and gambling. The turf course, whose fate is hanging in the balance in more than one federating unit, is the only source of revenue from which any large income can be had. And taxes on entertainments; Let me tell you that life is rather dull in most of the areas of the Federation and I do not know whether any heavy taxation of so-called luxuries will really ensure to the happiness of the

[Sir A. Ramaswamy Mudaliar]

ordinary man who, instead of going to the toddy shop for a diversion, now goes to the cinema. Item 55 relates to the rates of stamp duty and item 56 refers to collection of dues on passengers and goods carried on inland water-ways. My honourable friends from the provinces know what can be had from this source. I think very few provinces get any substantial revenue from this item.

Then, I thought, Mr. President, that the one reform that was sought to be introduced was the abolition of tolls. In many of the provinces tolls have been abolished. It will be very difficult to revive that dismal system of hold-ups which has been the feature in the past in many of the cities of our country. I venture to think that tolls will neither bring in a large revenue nor will it be feasible to adopt them in all the provinces.

Shri M. Ananthasayanam Ayyangar (Madras: General) : In the States there are still tolls existing.

Sir A. Ramaswamy Mudaliar: Most of them have been abolished. There are only a few remaining and the process of their abolition is going on quickly.

Then there is item 58. 'Fees in respect of the matters in this list, but not including fees taken in any Court'. This is an unknown and uncertain source of revenue on which I have very little comment to make.

In the last paragraph, para. 6 of this Report it is said: "It is quite clear, however, that the retention by the Federation of the proceeds of all the taxes specified by us would disturb, in some cases violently, the financial stability of the Units and we recommend therefore that provision should be made for an assignment, or a sharing of the proceed of some of these taxes on a basis to be determined by the Federation from time to time." With all these ifs and buts and with the additional and subjective clause, this source of revenue is a poor source of consolation to the provinces. It is vague; it may be illusory; it is very indefinite and even that the Federation has to decide "in such proportion and on such basis as it may determine". I wonder how many of the Provincial Ministers will be happy at this state of affairs.

Let me now turn to the Centre. There has been a great deal of analogy put before us regarding the sources of revenue for various Federations. As Mr. G. L. Mehta has pointed out, our Federation is unique in many respects. We have to take into consideration the subsisting standards everywhere and the facts as they are and, with reference to them, for the time being at least, frame the Constitution. I have said already that here is none in this House who would object to a strong Centre with resources enough for keeping up its position. But there is one fundamental fact which has been ignored and which has come into vogue during the war period—a new method of increasing the sources of revenue. Let us remember, Sir, that while the provinces have nothing except the definite and declared sources of revenue the Centre has one inexhaustible source of revenue, the Nasik Printing Press. I say it advisedly because I know what has been happening during the last few years. The old idea that the currency of a country should have a fiduciary backing, that there should be gold or silver or something of the kind behind the note issue has gone waste in all countries. Today our currency has not got that backing. No country in the world, excepting the United States of America and Switzerland, has got that fiduciary backing which at one time was insisted upon for all paper currency. Now you can increase your currency at a tight moment. You can issue

treasury bills. You can issue your own currency, I do not for a moment suggest that it is advisable to do so. It leads to inflation and all that sort of danger, and I am one of those who believe that even at present this inflation has to be brought down as far and as quickly as possible. It is the Centre alone that can bring it down. Therefore I am not in a position to advocate that. But I say this advisedly that in the midst of an emergency when they cannot turn to another source of revenue they can expand this source as other countries have done in abnormal times. But where can a province turn ? At times it can float loans. But as history has shown, it cannot always lead to success. In that plight, I venture to think that provincial autonomy, even on the few subjects that have been entrusted to a province will be of a poor kind indeed. Therefore, Sir, while appreciating all that has been said in this Report about it, let me also add that there is another side to the picture which those who have prepared this Report have no doubt taken into consideration; but let me, like the Laputan flapper, conclude by saying that. I wish they had taken a little more into consideration the other side of the picture. I have done.

Mr. President: I have got the names of number of members who want to speak, but closure was moved before I asked Sir Ramaswamy Mudaliar to speak.

Mr. R. K. Sidhwa (C. P. & Berar: General) : Mr. President, Sir, before closure is moved, I would request you to bear in mind one thing. This subject is very important. It affects the economic condition of India, and it is important therefore that ample opportunities should be given to members to express their views. Before the closure motion is accepted, I would request the President to see whether there has been a debate representing both sides. One view has been expressed and the other view has not been expressed as well as it ought to be. Therefore, Sir, I would request you to allow both sides to express their views so that the House may know what they think about this important matter.

Mr. President: I am entirely in the hands of the House. But so far as the speakers are concerned, I think they have been evenly balanced, three on one side and three on the other, and so there is no question of the speakers being on one side only. I would like to put it to the House whether it wants further discussion. The question is:

“That the question be now put”

(The motion was negatived).

Mr. President: I have given many members in this side (to the right) an opportunity to speak. On this side (to the left) I have got a few names. Mr. B. Das.

Mr. R. K. Sidhwa: I hope, Mr. President, that you will not go by the slips of names you have got. We have also to speak.

Mr. President: I will not go by the names I have got here. On a previous occasion, I said that I would not take notice of slips. If any member stands up in his seat, he will catch my eye.

Mr. B. Das (Orissa: General) : Sir, I was very glad to hear my friend Sir Ramaswamy Mudaliar, speak about provincial revenues and income. He was a party before 1933 to the distribution of taxation under the 1935 Act. It is galling to me that Honourable Members of this House should

[Mr. B. Das]

try to perpetuate the taxation arrangements under the 1935 Act. What is the basis of that Act ? That Act gave all powers and all resources to a foreign Government. That devil of a foreign Government has quit India but the devil's system still continues. The Act of 1935 gave all resources to the Centre so that the Centre could rule and dominate and spend the country's resources as it liked. The Centre had no responsibility to the people of India except to send them to jails when it liked. Since the 15th of this month, we have a people's Government. This report is the fourth report that we are discussing, and I fail to observe that the Union Powers Committee's report is drafted in any democratic spirit. I am very glad that two gentlemen, Sri Alladi Krishnaswami Ayyar and Sri Gaganvihari Lalubhai Mehta, spoke of social welfare and social justice. I was pleasantly surprised to here these two gentlemen, situated in high places as they are and situated far above the people as they are, speak of social welfare and social justice. I think Sri Alladi Krishnaswami Ayyar who is a member of the Union Powers Committee has failed to give consideration to the primary duty of the State to render social justice to the people. We are not going to give powers to the Government, to the ministry, only for them to continue the policies of the foreign administration which were expensive and top-heavy. Defence, of course, there should be defence. Will defence suit the national temperament, the national requirement of India, or will it be in the line of the capitalist Western nations like the U.S.A. and England? I do not think that at any stage the members of the Union Powers Committee of the Union Constitution Committee had it in their minds that India's temperament will require a different orientation in the policy of expenditure at the Centre.

Sir, nobody wants Charity from the Central Government. I do not want that, though I belong to the poorest province, Orissa, which had a *per capita*, expenditure of Rs. 1-8-0 before the war but, there should be an equitable distribution of taxation. The Central Government, including the Governor-General, or the President who will be here in six months' time, and the Ministers, must think of their primary duty of social welfare. Nowhere in the Union Constitution or even in the Union Powers Committee's report have I found any definition of the primary duty of the Central Government. Is it only to assume all powers ? Certainly not. We will have to conceive of a system of administration so that the largest amount of taxation that will come from the people should go back to the people. It, should not be spent in manufacturing armaments or in manufacturing atomic bombs. Sir Ramaswami Mudaliar analysed provincial taxation and showed how provinces are kept merely on sustenance allowances. The foreign Government at the Centre wanted only cannon fodder from the provinces. People were driven by hunger and starvation to join the army, not, a voluntary army, to defend the British Empire, not so much the Indian Empire. This is the third time I am appealing for social justice and social security. It is understood from the press reports that the Union Constitution Bill is in the drafting or semi-drafting stage. It is no use Government assuming all powers. We may think we will function as the legislature, but the residuary power is vested in the Government, in the executive. I find from the Union Powers Committee's report that the tendency is that they want further powers, that they want Section 126 (a) should be incorporated in the Union Constitution Bill, so that the President, now the Governor-General, and the Cabinet will have immense powers.

Why this hankering, why this hungering in some minds amongst my colleagues here for these intense executive powers to be concentrated in the hands of the President or the Ministry ? The legislature must exercise its democratic functions and the people must control through the legislature the actions of the executive which should conform to democratic principles. I do not find any spirit of democracy there, Sir.

We have received the second report of the Advisory Committee. We have received many reports so far—which is not the subject matter of discussion here. There have been recommended certain concessions to the minority communities. Who wants little concessions ? We want our rights and privileges and we do not wish to hand over all our resources to a group of ministers. We do not want to hand over all our resources for carrying on the Government. What we want is that our resources should be so distributed that it should be spent for the welfare of the people. I am therefore grateful to Sri Alladi that he mentioned it and I am also grateful to my friend Sri Gaganvihari Lalubhai Mehta, ex-President of Indian Chamber of Commerce, who thinks in terms of welfare and economies through development. He wants big capitalists to develop India. I want fifty per cent. of the taxes of India should filtrate for the common good, to remove hunger, to remove starvation from the door of the people and the standard of living of the people should be better. But if we create classes of capitalists who will be super-capitalists we can never bring up the level of the common masses to that standard. Not that I am opposed to big industries, but I do not want the House should be enamoured of the sympathy of the big capitalists that they think in terms of economic expansion and economic development of India. The Government is our own today and no Government Member has participated in the discussions we are having today. As Members of the Constituent Assembly they ought to tell us what is their attitude, what is their line of thinking. I am not talking as a Member of the legislature, I am talking as a Member of this House. If the attitude of those who are our representatives in the Government is that the common mass, the common welfare of the people of India is their lookout, their main and primary duty, then, Sir, this Union Powers Committee's report, the underlying spirit of the report of this Union Powers Committee, should be scrapped. The Union Constitution should be so framed so that the resources of India, the intelligence of India, of the best economic thought of India, should be developed for the progressive benefit of the masses of India. That spirit I have not seen and I am very sorry that the Committee, however expert they were, however eminent they were as legal luminaries or financial experts, they have never bent their thought to it and I hope after today's discussion either the Union Powers Committee report is thrown back to the Committee again or when the Union Constitution Bill is drafted and placed before us they will develop that sense of duty to the millions.

Shri Narayan Singh (Bihar: General) : *[Sir, I support the motion to take the Union Powers Committee's report into consideration. A controversy has arisen as to what powers should be given to the Centre and I feel it necessary to speak something in this connection. Distribution of powers has begun and we should consider the matter thoroughly. Personally, I am of the opinion that the lesser the powers given to the Government the better it is. Sir, we have spent our whole life in fighting against a Government. We have just done away with a Government and

[] English translation of Hindustani speech.

[Shri Narayan Singh]

are going to establish another. To tell the truth, the out-going Government has not left behind any good or happy impression. We are discussing here as to how powers are to be distributed between the Central and the Provincial Governments. I desire that the primary units of Government should be established in villages. The greatest measure of power should vest, in village republics and then in the provinces and then in the Centre. But, unfortunately we have not as yet got village republics. The people have lesser voice in the Central Government than in the Provincial Governments. We must consider as to what powers should be given to the Government but at the same time we should also consider the measure of control the people should exercise on the Government. This requires our greatest consideration. The Central Government is vested with the authority of maintaining law and order in the entire country. It is vested with the power of defending and maintaining peace and order in the country. Is it not a very wide power? This much power should be enough for the Government. This Government is vested with all authority in respect of Communications and Foreign Affairs. All these powers go to make the Centre very strong. But in spite of these wide powers, members are anxious to make the Centre still stronger. I too desire this and in fact everybody should aim to have a very strong but good Government at the Centre. Unless the Government is good, its strength will be a source of evil rather than of good to us. Take it from me that there may be a Central Government which might transfer the capital from Delhi to Madras. This is not impossible. If the Government is good and honest it may do immense good to the people. But on the contrary, if the Government is not good, it might prove very harmful. Let me put a concrete example. There was a time when Bihar was considered to be the best place for Pusa Agricultural College. Those who have special knowledge of agriculture know that the Pusa Agricultural College can be run in Bihar with more profit and advantage than in Delhi. At one time, the Central Government established the Pusa College in Bihar. But when another Central Government was formed it shifted the college to Delhi. Such are the whimsical deeds of the Central Government which you must bear in mind. You know that the cost and labour involved in running the college in Delhi is excessive. It is a well known fact that the needs of the different provinces are different. We know that the system of rationing and the Food Department are under the Central Government but how are they, administered? The people in the U.P. and the Punjab do not need rice but wheat, whereas the people of Madras need rice and not wheat. The Central Government asks the people of Madras to eat not only rice but wheat also and to the people of U.P. and the Punjab it gives rice to eat. This is what the Central Government does. I too admit and want that the Centre should be strong. The stronger the Central Government the better it is. But at the same time, we should not curtail the powers of the provinces. Such powers as you think proper and those suggested by the Union Powers Committee should no doubt vest in the provinces. But in my opinion the residuary powers vested in the provinces should remain intact. The needs of one province differ widely from those of others. I need not say much on this. But while considering residual powers you will have to keep in mind that formerly when Pakistan had not come into being, we accepted the principle that residuary powers must rest in the provinces. Now it is not proper to say it is no more necessary because Pakistan has come into being. As to whom the powers should be conceded to ensure the greater measure of benefit to the masses is a question that should be well considered. Residuary

powers must vest in the Provinces. If you put them in the Concurrent List it would be quite enough. That will serve the purpose. I would appeal to you to consider this point fully. Everyone desires that the Centre should be very strong but at the same time it should not be entrusted with matters about which it has no idea and whereby any province may be put to a positive loss.

There is one thing more in the report which appears to me unsatisfactory. I belong to a free country and I have no liking for Princes but the report goes to show that the rulers of the States apprehend that their powers are being curtailed. We should act here in such a way that the Princes may not entertain any such apprehensions. If they are allowed to exist there will be dissatisfaction and the work cannot be carried on smoothly. We should see that Princes are with us and whatever they do is in the interest of their people. We have the right to remove such Princes who go against the interests of the people. But we must not entertain the idea of curtailing the rights which they have been enjoying during the British rule. Such an attempt will be harmful to us. Because of these residuary powers being vested in the Centre the Princes may be apprehensive of their future. Therefore I plead that so far as possible the residuary powers should vest in the provinces.]*

Pandit Hira Lal Shastri (Jaipur State) : *[I wish to say a few words about the principles laid down in the report which has been placed before us today. I do not want to enter into the discussion whether the Central Government should have more powers or less powers. Both of these views are being expressed but personally I believe that the Central Government should have sufficient powers. I want to support this report because in it the powers of the Centre and those of the provinces or the units have been beautifully adjusted. For maintaining peace in the country and for other purposes also there should be a strong Centre. But as our country is very extensive, we shall have to leave sufficient powers for the units also. I want particularly to impress that the units include our provinces and the Indian States. Hussain Imam Sahib used some strong words yesterday and urged that there should be no difference between the two. We admit that there should be no difference. We, however, know that there are many differences today and there are many varieties of States. There are differences of area, population and income. There is difference in the system of administration in the States and elsewhere. We know and understand these differences. Yet I admit that the Policy that is being adopted towards the Indian States is the correct one. It would be proper if today they are not made to agree to anything beyond the statement of May 16. We should be content with what they cede of their own accord. But at the same time, want to point out that if the authorities of the Indian States think that with their participation in the Constituent Assembly their duty finished and their loyalty too ceases by getting themselves included in the India-Union, they are greatly mistaken. Because in the age that is to come it is impossible that there should be one type of administration in one unit and another type of administration in the other. It is inevitable that throughout India, in every Indian State, province, big or small there will have to be one type of administration. It will be based

[] English translation of Hindustani speech.

[Pandit Hira Lal Shastri]

democratic principles. We are pained to find that the people of the Indian States are at present in great distress. We have declared that India has become independent and the whole country is rejoicing over it. India has surely become independent and we fully share these rejoicings. To achieve this independence and to bring it near, we have also made our contribution, however small it might be. We are proud of it. In spite of this, we are grieved to find that when India is said to have become independent, the people of the Indian States have still to achieve that status. This is very regrettable.

We were waiting for August 15 and it is past that date now. A new age is drawing and changes are taking place. How it is possible that no changes should take place in Indian States. We are to some extent confident of the farsightedness of the authorities, the rulers and the ministers of Indian States. They should understand that they will have to bend under the pressure of the times. If they do not bend, they will break. We are a little confident of this too. We have some confidence that the Central Government may help us. The previous Central Government did not help us. It helped those who helped the Government and were proud in helping to maintain it here. It helped them and did not help us. It hampered our progress as much as was in its power. That Government has ended now and its authorities too have disappeared. It is no more before us now. A new Government has now been established and we have every hope that it will help us. It may not be able to help us much but we do hope that it will not hamper our work.

But I want to tell you that I am in favour of a strong Central Government. If the States want to come in at present for a limited number of subjects, let them do so. At the same time, I want to say that when we are confident of anything we are so after understanding it. We have this confidence not because of the farsightedness of the Indian States or because of the help that the Central Government would give us but because we find some strength in ourselves and feel strength in our arms. On that strength, I say this. The Indian rulers may like it or they may not like it. The Central Government is pledged to democracy. It may interfere there or it may not, and anything else may happen or may not happen but we know that we are not going to leave any stone unturned to establish democratic government. What we can do, we shall surely do. The strength of the people will increase so much that Rajas, Maharajas, and their allies will not be able to resist it. So the prevalent system of Government in States is not going to stay. Therefore, we need not be impatient. By saying some hard things we, do not want to make the States perturbed. Nor do we want to worry them or to terrify them. It appears today that their patriotism is awakened and it is for that reason that they have come here or are to come here. Let them all come here. But everything is not over with their coming here. Changes will have to be made in States. After saying all this, I want to support the motion. The Central Government should be strengthened under any circumstances whatsoever. If the Government is weak, there will be no peace in the country. Maintaining of peace in the country is the greatest of all the tasks. After that, we will have the opportunity of establishing a new social order and a new economic order. Opportunity will come and all these tasks will be accomplished. Therefore, there should be a strong Central Government.

The Provincial Governments should also be vested with more powers. But there is a difficulty regarding the Indian States. All the Indian States are not alike. Some of them are big and some small. They will have to be grouped so that they may form a proper unit in new India.

Whatever has been said here against strengthening the Central Government has no particular effect on me. I am in favour of a strong Central Government.]*

Mr. Debi Prosad Khaitan (West Bengal: General) : Mr. President, of all the discussions that have taken place in this House the debate that is taking place on this question seems to be based more on rhetoric than on an understanding of the real needs of the country. Specially, Sir, I may say this of the eloquent speech that has been delivered by Sir Ramaswamy Mudaliar of international fame. He has covered the hollowness and weakness of his arguments by the flourishes of his rhetoric. He has forgotten for the moment the needs of the defence of the country and the requirements that become necessary for the purpose of fighting a war, whether defensive or aggressive. He has forgotten conveniently how the whole country has got to be regimented in times of war, the signs of which are already visible in the world and to which our unfortunate country, not yet fully developed, may become a victim at no distant date. I am no alarmist in this direction but I do believe that whether it be to protect our freedom, whether it be to spread education and good health or whether it be to produce more goods it is necessary that the whole country of India must be treated as one. And, each one of us, whether believing in provincial strength or in national strength, must see to it that internal peace and security and defence from external aggression is maintained and the production of goods, both agricultural and industrial, is developed, for it is only on the building up of our national wealth can we develop the nation-building activities, over which Sir Ramaswamy Mudaliar was so eloquent.

He analysed the items of taxation in the provincial list and was ironical as regards several of the items. The first item he dealt with was land revenue and reminded the House of the acquisition of landed interests by the Provinces. But has not the strongest argument in favour of that proposition been used when it was said that it was the intermediate tenure holders that take away all the income and the provincial government does not get the same ? Is it not to be expected that by either abolishing or purchasing the intermediate tenure holders the provincial government will benefit more than it does at present under the existing system of land revenue ?

Secondly, he laughed at item No. 42; Taxes on agricultural income. The Provinces have all along thought that they should possess this method of taxation and so long as intermediate tenure-holders existed there was not the slightest hope that the Provincial Government could get this as a good source of revenue.

He then laughed at the words "hearths and windows" but conveniently forgot the words immediately preceding them, namely "taxes on lands and buildings." Who can deny that these taxes on lands and buildings are a fruitful source of revenue not only to the provincial government but also to the municipalities for the purpose of promoting education, building good houses and encouraging other beneficial activities which are needed by the people of the provinces?

[] English translation of Hindustani Speech.

[Mr. Debi Prosad Khaitan]

Duties in respect of succession to agricultural land is another item which Sir, Ramaswamy Mudaliar very glibly said was of no use to the provinces. But the Provinces have always thought that estate duties in respect of succession to agricultural land, which he has completely ignored, would be a fruitful source of revenue.

Taxes on mineral rights, however insignificant they may have been in the past, will become a fruitful source of revenue to a large number of provinces when our mineral resources are developed and they will prove a source of great strength to the country as a whole.

Sir, I do not propose to detain the House by going over each item in the provincial list. I would like to draw attention to the items in List I, namely, the Central sphere. Let us analyse those items to find out whether it is administratively possible to realise those taxes if they are placed in the provincial sphere and whether, if they are assigned to the provinces, the urgency of developing the economic resources of the country, would be met. Central Taxation begins from item No. 77 in List I. Taxes on income other than agricultural income. It is well known that business exist of the same person or firm or Company in different provinces. It sometimes happens that the Main or Head Office of a company is in one province whereas the manufacturing concern exists in another province. All these difficulties and the need for uniformity really necessitate that taxes on income can only be fixed and recovered by the Central Government. I hope, Sir, that there is nobody here who will say that taxes on income or corporation tax which is item 73 can be assigned to the Provinces. If you do that, there will be a race between different provinces as did happen in the case of certain States in America. Different rates of tax were levied in different States for the purpose of either attracting business to certain States and for preventing other States from developing the same as well as for well-developed States to get unduly more income from certain industrial concerns and other sources of income. It is therefore highly desirable that taxes on income and corporation tax should go to the Centre. In the past, the proceeds of that tax have been distributed among the provinces, and I have not the slightest doubt that it was correct. In paragraph 6 of the Report the last sentence—which again was laughed away by Sir Ramaswamy Mudaliar—says that provision should be made for an assignment or a sharing of the proceeds of some of these taxes on a basis to be determined by the Federation from time to time. “From time to time” are particularly the words at which Sir Ramaswamy laughed. But I say it must be from time to time. The needs of different provinces vary from time to time and according to the circumstances, the Central Government has to see to it that a Provincial Government is not put to any difficulty. May I remind the House of the very sad circumstances in which Bengal was placed in the famine of 1943 ? If provision did not exist that the proceeds of taxes could be distributed according to the needs of Provinces from time to time, what would the position of Bengal have been if the Central Government did not come to the rescue of that Province in year 1943 and thereafter ? We are on the verge of a famine in Northern India at the present moment. Who can visualise, who is there bold enough to visualise, that the needs of Northern India will not be greater in the near future than the needs of the other Provinces ? Therefore, Sir, some elasticity has to be given to the Central Government for the purpose of determining from time to time the needs of the different provinces and the different units. There are some

provinces who are more industrially advanced than others and it, is necessary for us to see that the more backward provinces have to be brought as much as possible on a level with those who are higher developed. Their demands proportionately may in future be greater not only for the purpose of development of industries and agriculture but as well for the purpose of developing health, education and the other nation-building activities which Sir Ramaswamy Mudaliar stressed. It is no use criticising the authors of the report who have giving due attention to every word appearing in the Report and than laughing at it without devoting properly the attention we are able to give and the wisdom which peoples like Sir Ramaswamy is able to bestow with his international experience and his experience for a long time as Member of the Executive Council of the Government of India. He referred to the Nasik Printing Press as a fruitful source of revenue for the Central Government. At that time Sir Ramaswamy Mudaliar was loud in speaking about the sterling balances of India and explaining that they were a valuable property for our country and today when the same Sir Ramaswamy Mudaliar talks of the packing away of our currency he conveniently ignores the existence of those very sterling balances about which he used to be so loud in proclaiming their advantages and selling the goods of our country to England at much lower costs than England would get anywhere else, lower than controlled prices, and by other means, and it was only at the lower prices that our sterling balances are composed of, and now he tries to draw our attention to the Nasik Printing press, while at the same time, telling us that he is not in favour of inflation. The finances of a country are of a very delicate nature. Does he know what is the condition of the finances of our country at present? Formerly, the Government of India could go into the financial market and borrow to the extent of Rs. 100 to 150 crores per year, but what is the state of things that we see at present? The Reserve Bank in order to maintain the price of Government securities has got always to be in the market and purchasing Government securities instead of having the courage to go to the market for the purpose of raising loans. It is necessary, in the interests of our country as also in the interests of the Provinces and also in the interest of every individual which the population of the Provinces is composed of, that our Central Government which is to look after the Defence which is to look after the development of industries, which is to help agriculture by means of irrigation, hydro-electric installations and by other methods should be strong and that we should not in any way weaken the Centre on theoretical arguments. Similarly, Sir, you will see that all the taxes that are put in the Central List are only such as can be conveniently administered by the Centre, as are necessary for the sake of uniformity in the different provinces and as are absolutely essential for the purpose of the development of agriculture, industry, etc. We have got to build a large mileage of railways, we have got to have a large mileage of roads, we have to develop a mercantile marine, we have got to develop so many things, which can only be done by the Centre and unless each one of these items is properly developed, we shall neither have our freedom maintained nor will it be possible for us to develop either education or health or agriculture or any of the other nation-building activities that we are all so anxious that we should develop. Ultimately, Sir where is it that the proceeds of these taxes go to? Is the Central Government which is representative of the country at large, which is responsible to the Central Legislature, on which the representatives of all the Provinces will sit and determine as to how the proceeds of the taxes are to be spent—are they going to allow the Central Government to fritter away the proceeds of the taxes instead of

[Shri Debi Prosad Khaitan]

utilising them in the best interests of the country ? They will utilise them in the best interests of the country either directly or by distributing a share of the proceeds of these taxes among the Provinces, which again will be in duty bound to spend them for the uplift of the country at large. Therefore, I appeal to all my esteemed friends here not to be carried away by this slogan of Centre *versus* Provinces, and to consider deeply in their minds what is in the best interests of the country. Let us maintain our freedom, and therefore, build up our defence. Let us maintain our resources, build up more and more concerns so that we can develop the total wealth of the country at large. It is only on the basis of that total wealth of the country that we can build up the edifice of education, health, culture, art and all those factors which go to make the life of every individual rich, beautiful and happy. (*Cheers*)

Shriyut Omeo Kumar Das: (Assam : General) : Mr. President, Sir, after the illuminating debate that has taken place, I was not inclined to take part in the debate. But I feel I will be failing in my duty if I did not bring to light a few important points in which my province is interested. At the outset, Sir, I would rather confess that I cannot whole heartedly congratulate the members of this Committee for the report they have produced. Sir, I agree that the distribution of powers is a very vital point in the Federal Constitution. In all constitutions it has been the bone of contention as to how to distribute the powers between the Centre and the Provinces. The question of residuary powers was the bone of contention in the field of Indian politics for many years past. One section of the people was demanding that the residuary powers be vested in the Provinces and another section of people was demanding that it be vested in the Centre, and the Congress had to take up the position of vesting the Provinces with these residuary powers as a conciliatory gesture to a section of the population; and the altered position that the Congress has taken to day is, I take it a reaction to the situation created by unavoidable, though regrettable partition of India. But I cannot understand the logic, why after taking up this position of vesting the Centre with the residuary powers, the member of this Committee have taken up a different attitude towards the States. After having taken up that position they ought to have maintained a uniform policy for the States and the Provinces. In the provinces they have divested the provinces where there is the Government of the people, but in the States where the people have no share in the administration they have vested autocratic rulers. To my mind it appears to be a denial of democracy.

Sir, legatees as we are, of a system of administration which was not credited in the past with having dealt fairly and squarely with the Provinces in the matter of financial adjustments, I feel today that in our anxiety to strengthen the Centre we may be adopting again the same policy of strengthening the Centre at the cost of the Provinces. Strengthen the Centre we must, confronted as we are with a situation which is volcanic on one hand and dynamic on the other. But we should not weaken the Provinces. After all it is the Provinces which have to carry out the dynamic programme of the Congress. The financial settlement which was the outcome of this anxiety to strengthen the Centre, to bring about financial stability at the Centre only, with the Units starving for

funds to carry out the nation-building programme still holds good today and I do not find any change of outlook. The same policy of strengthening the Centre at the cost of the Provinces still holds good today.

Sir, I know this is not the occasion to make any special pleading for my Province, but I feel I will be failing in my duty if I did not bring to light a few facts regarding our provincial finances. My Province, Assam, has been the source of contribution to the Central exchequer to the extent of nearly Rs. 8 crores annually in the shape of excise and export duty on tea and petrol. But the subvention that was given to Assam was only Rs. 30 lakhs and I do not find any change in the outlook today. I feel, Sir,—and regret having to say it—that our leaders have not yet been able to shake-off the influence of the Government of India Act. Sir, with the installation of the Congress ministry not only in the provinces but also in the Centre, people are expecting a revolutionary change and they cannot be said to be unjustified in cherishing such expectations. We must free our administration, from the shackles of this octopus of red-tapism and we must devise some means to carry out our programmes speedily.

Lastly, before concluding, I must bring to the notice of this House another fact in which my Province is interested, in the list of subjects enumerated in the Federal List of subjects, I find migration and naturalisation. To my mind it appears these two subjects also should be put in the concurrent list or the language so altered as to permit the Province to have scope of action in these two subjects. Sir, I do not know how other provinces feel, but it is sore point with us. We know how mass migration into Assam has altered the very complexion of the population. It has disturbed the relative distribution in population. With the Communal Award and the communal representation it was not fair to us to allow mass migration on a large scale and in spite of the evictions that have been carried out in our Province, I still find a large number of people who are not people of the Province but only trespassers into government lands, still hanging on to the province, living with their relatives. In this sphere, Sir, I want the members of the Committee and especially the Mover of this Motion to think more clearly on this point and permit the provinces to have some scope in this matter. If Assam which is the homeland of the Assamese people, if they cannot be protected, for myself, I think I have no justification to come to this House. Assamese people have a culture distinct from other provinces. Assamese people have a language which is a separate language and which though Sanskritic in origin has got Tibetan and Burma influences and we must protect the Assamese people. In this view of the case I appeal to the Mover of this motion to provide scope for action by the province. Sir, with these words, I support the Motion moved by Sri N. Gopaldaswami Ayyangar.

Sir B. L. Mitter (Baroda State) : Mr. President, I do not want to take much time in saying a few words which I have to say because it has not been brought out in the debate so far. It has been assumed that the distribution of power in the report was made arbitrarily and some think that more power has been given to the Centre than ought to have been given; some think the provinces have been weakened and so on. I was a Member of the Committee. The Committee went into the matter of distribution of powers on a definite principle. It is this. Matters of national concern should be vested in the Centre and matters of provincial concern should be vested in the provinces. We always had this

[Shri B.L. Mitter]

a large mileage of roads, we have to develop a mercantile marine, we have fundamental principle in mind when we made the lists. We found that the Act of 1935 was a good guide because in making the list in 1935 Act the same principle was kept in view. I suggest to Honourable Members that, when we come to discuss the various items, members will kindly bear in mind the fundamental principle that matters of national interest ought to be in the Centre and matters of provincial interest ought to be in the provinces. There are some matters for which there should be a concurrent list in which both provinces and the Centre ought to have the power. My next point is with regard to the States. Some of the speakers have asked why should the States have a somewhat different position from the provinces ? The reason is obvious. India is about half and half of what used to be British India and what used to be States. Do we want the States to remain in the Union or do we not ? I do not think there will be any dispute here that we want the States to come into India, all those who are within the limits of what is India. Now the States agreed to come on the basis of the 16th May Declaration. Therefore if you want the States to come in and form one consolidated strong India, you have got to accede to the condition on which they came in and that is why some special provision should be made with regard to the States. Once the States come in there is no doubt that gradually the States and the provinces would approximate to each other. The States will come up. Assuming that the States are backward, to the backward portions you have got to show some indulgence. Let them come in, let them associate with you and then you will see gradually they will approximate to one uniform standard and that is our objective and thus India will be one consolidated strong India. I do appeal to members from the provinces not to mind the difference which may be made in favour of States.

Mr. President: I think we have had enough discussion now and after all if the Motion is adopted it means only that the report be taken into consideration and the details of the report will come up for discussion. So if the House permits me, I would now put the Motion to vote after giving the Mover of the Resolution a chance to reply if he wishes to.

Mr. N. Gopalswami Ayyangar (Madras: General) : Mr. President, Sir, I do not think after this long debate it is necessary for me to take up much of the time of the House particularly because arguments taking a particular standpoint from one speaker or another have been answered by counter arguments from others taking the opposite point of view. It is unnecessary for me to refer to all the detailed points that have been raised in the course of this debate. I wish, Sir, however, to refer to one or two main considerations. One of them has just been referred to by my friend Sir B. L. Mitter *viz.*, a distinction that has crept into the preparation of these lists as between provinces and the Indian States. I did make a reference of this point in my opening speech and I indicated the considerations that had weighed with the Committee in arriving at the conclusion that (at the inception of the Federation in any case, some consideration should be given to the different sets of conditions which prevail in Indian States and in the Provinces. It is really the correct thing to keep in view as an ultimate ideal that in due course the Indian States will approximate to provinces and the distinctions that now exist will find themselves removed by common consent. At the moment what we are interested in is to maintain the integrated political structure that

has come into being now and if possible to strengthen that structure as much as we can even if in doing so we have to make a discrimination in favour of areas with certain different sets of conditions, perhaps in favour of certain, what I would even go to the extent of calling, Prejudices. Well, Sir, we have to recognize that position and the Union Powers Committee Report is based upon the recognition of that distinction.

The other big point that has been raised in the course of this debate is, I think, based almost entirely upon a delusion. That point is that by the lack of a sense of values or by reason of our not having examined the matter carefully, the Union Powers Committee has grabbed for the Centre functions and financial resources which would more appropriately have been assigned to provinces. That I call a delusion. That, arises from the fact that those who, have raised that objection have not sat down to compare the Lists that have been made for the Centre and for the Provinces in the Union Powers Committee's report with the Lists that you will find, for instance, in the Government of India Act of 1935. I base this particular argument on a statement which, with considerable labour, one of my Hon'ble friends from the States has prepared and shown to me and I think I am right in saying that there is hardly a single item in the present Provincial List in the Government of India Act which this much criticised Committee, the Union Powers Committee, has transferred to the Federal List (*Hear, hear.*) If I mention that point it is not because I want to claim credit for, the List that exists in the Government of India Act. It is possible for these critics to say that even what you find in the Lists attached to the Government of India Act, is not based upon solid, convincing considerations, that the Union Powers Committee should have gone further and if possible transferred some of the items on the Federal List of the Government of India Act to the Provincial List. I wish however only to say at this moment that the criticism that we have grabbed power for the Centre in matters which so far we have considered to be within the sphere of the provinces has no substantial foundation.

The next point that I wish to refer to is the one elaborated at length by an Hon'ble Friend of mine for whose administrative experience and oratorical gifts I have very great regard. That friend started by examining the list of taxes in the Provincial sphere and tried to belittle and pooh-pooh the items you find there. I think the case he tried to make out was that the distribution of the taxable sources between the Centre and the Provinces in the Union Powers Committee's Report was deliberately calculated to reduce the resources of the provinces and to increase the resources of the Centre. That view, I think, Sir, is far from the real state of the facts. As a matter of fact we have included in the Provincial List all the items of taxation and revenues which you find in the Provincial List of the Government of India Act today. In, this connection I must say that it was rather extraordinary that while my Hon'ble Friend spent so much time and rhetoric on belittling these various individual items in the Provincial List, he did not devote a reasonable proportion of that time and rhetoric to the items which we have included in the Federal List. There also we have only repeated what is to be found in the Government of India Act. He seems also not to have attached sufficient, importance to a matter to which the Committee has drawn very prominent attention in the last paragraph of its Report. The Committee recognises that the sources which are listed for the benefit of the Centre might produce revenues which would be perhaps on present

[Mr. N. Gopaldaswami Ayyangar]

standards more than adequate for the needs of the Centre. In any case it recognises the fact that, if the Centre retains the entire proceeds of all the Central taxes that are mentioned, it might result in upsetting the financial equilibrium of the Units and therefore has made the specific recommendation that steps should be taken for the assignment wholly of these sources to the units and for the sharing of other sources between the Centre and the Units periodically at the discretion of any authority which in the course of the framing of the Constitution we may decide upon establishing for that purpose.

Shri T. Prakasam (Madras : General) : May I just point out, Sir, that the Government of India Act was rushed through Parliament at a time when the country was carrying on fierce agitation ? (Voices: 'Mike, mike').

Mr. N. Gopaldaswami Ayyangar: I might for the benefit of the House repeat what Mr. Prakasam has drawn attention to. He seems to contend that the 1935 Act was rushed through Parliament that this country had no adequate opportunity to put its views before Parliament and therefore it is not an Act which we should have taken as a model for imitation. All that I would say in reply is that the 1935 Act was the last act in a series of proceedings which started I think about 10 or 8 years earlier and that the proposals that are contained therein passed through the hands of various Commissions and Committees and finally through a Joint Parliamentary Committee on which representatives of this country sat and that the whole scheme was evolved after the expenditure of an amount of labour and thought which we do not ordinarily associate with the framing of legislation of that kind.

Now, Sir, it may be that what was produced at the end of it all did not satisfy us in certain respects, but we certainly could not complain that that legislation was prepared in a hurry or rushed through Parliament in a hurry. We may not accept all that is contained therein.

What I am interested in pointing out in reply to the debate is that there is nothing that we have done in the Union Powers Committee's Report which you could attack in reason. We have heard a great deal about the resources of the Provinces being poor, about the resources of the Centre being inexhaustible and so on. I do not however remember having heard from any speaker in this House any constructive suggestion as to what we might have added to the Provincial List and what we might have subtracted from the Federal List.

Now, Sir, I do agree that as the report stands it does not give the House a full picture of what will be the final financial provisions in our new constitution after it comes to be fully drafted. I have more than once told the House that the scheme that is in contemplation is that this whole question of the resources that could be tapped in this country, the distribution of those resources between the Centre and the units and the machinery by which that distribution should be effected, either all at once or from time to time, should first be examined by an Expert Committee, and perhaps later on vetted by the Union Constitution Committee and finally that scheme would come before the House so that those who are the authors of that scheme might have the benefit of constructive suggestions from Members of this House. As it is, Sir, we have

only put before you the items which we wish to include in these three different lists. We have also told you that it is not intended that these items of revenue resources or tax resources should be exclusively appropriated to the Centre. We contemplate that certain items should be wholly assigned to the Provinces. We contemplate that others should be shared equitably between the Centre and the Provinces. Where then, Sir, is the justification for the criticism that the Union Powers Committee has failed to do justice to the Provinces in this connection? I for one am unable to see any ground for that criticism. Sir, I do not wish to take up the time of the House any longer. We have had a most interesting debate on this very vital issue relating to the Constitution and I hope that Honourable Members will recognise that during the quick changing events that have taken place during the last few months that Committee has done a piece of work which if it does not extort admiration will at least elicit some measure of approval (*Cheers*).

Mr. President: Shri Gopaldaswami Ayyangar's motion is:—

“Resolved that the Constituent Assembly do proceed to take into consideration the Second Report on the scope of Union Powers submitted by the Committee appointed in pursuance of the resolution of the Assembly of the 25th January, 1947.”

The motion is adopted.

An Honourable Member: I press for a division.

Mr. Hussain Imam (Bihar: Muslim): May I suggest the procedure which was sometimes followed in the Council of States, that is, in the old days minorities were asked to stand up in their places to express their dissent? From it you could make a note and not involve the whole House into going into the lobby.

Maulana Hasrat Mohani (U. P.: General) : What is the number of those who will remain neutral?

Mr. President: To my mind it is perfectly clear that there was a large majority in favour of the Resolution. Now those who are opposed to the Resolution will please stand up in their places.

(Six Honourable Members stood up.)

Mr. President: So I think my reading was quite correct. There are six opposed to it.

The motion is adopted.

Maulana Hasrat Mohani: I am in favour of the Resolution, but as I suggested a large percentage of those who have not voted have been neutral.

Mr. President: I think I am quite satisfied that the House is in favour of passing this Resolution and there is an end of the matter.

Mr. M. S. Aney (Deccan States) : Mr. President, as you have granted the Poll and asked those who are against, it is necessary for you to ask those who are in favour of it.

Mr. President: I do not think it is necessary, because it is quite clear and I have already declared. But if the House insists I will ask the Members who are in favour of the Resolution to please stand.

(An overwhelming majority of Honourable Members stood up.)

Mr. President: It is now quite clear.

An Honourable Member: Those who are neutral?

Mr. President: It is not necessary to know the neutrals. We shall take up the Report now. We have to take up the amendments. The first amendment is by Shri D. P. Khaitan.

Mr. Debi Prosad Khaitan: Mr. President, Sir, I sent notice of this amendment because in the Resolution of Shri Gopalaswami Ayyangar as it is worded only the words "Second Report" are mentioned. In the circumstances there was a little vagueness as to whether the first Report would come into consideration or not. But in the speech that Shri Gopalaswami Ayyangar delivered in moving this Resolution he made it clear that in spite of the occurrence of the words "Second Report" only, the House will be entitled to consider the first report also. In the circumstances, Sir, I do not think there is any necessity for my moving the amendment that stands in my name.

Mr. Naziruddin Ahmad (West Bengal: Muslim) : Mr. President, Sir, on a point of order, I submit that the House has accepted only the Resolution as it has been proposed. It has not accepted the Hon'ble Member's speech in support of the Resolution. It is an accepted constitutional proposition that when a Resolution is passed, any speech made contrary to it or inconsistent with it, is not necessarily accepted but is rather rejected. The Resolution says that the "Second Report" be taken into consideration while in the speech it was suggested that that part of the first report which is not inconsistent with it may be looked into. The so-called introduction of the first report is extremely qualified and it is that part of the report which is consistent with it which in the opinion of the Hon'ble Member may be looked into. It comes to this, to my mind, that the first report is out of date and has been discarded and only that part of it only which is consistent with the 'Second Report' may incidentally be taken into consideration as a relevant document.

And then again, the amendment which was tabled should have been moved before the Resolution was put to the vote.

Mr. President: It has not been moved.

Mr. Naziruddin Ahmad: Yes. As the amendment has not been moved, it simply falls through. If the Honourable Member who tabled the amendment is happy with the idea that the first report holds the field, let him be so. But the constitutional position is that the first report is not formally before the House.

I have a second reason for making this submission. Those members who unfortunately were not in the House from the very beginning that is, those members who came here as the result of the statement of June 3rd have not yet been supplied with a copy of the first report. That also indicates that the first report is not before the House as it is constituted today.

In these circumstances, I ask for a ruling as to whether the first report is before the House by reason only of the fact that the Honourable Member in a qualified manner said that it may also be referred to. I submit that it could be taken into consideration by way of argument in an incidental manner and not as a substantive Report properly before the House to be voted upon.

Mr. President: Has the honourable member received a copy of the blue book? It contains the first report also.

Mr. Naziruddin Ahmad: Unfortunately, that packet was sent to my address in the Constitution House where I was during the last Session. I have since shifted to the Western Court. In spite of repeated letters and messengers to the Constitution House I have failed to recover the packet.

Mr. President: It is unfortunate that it did not reach him. He will be given another copy.

We have to proceed with the consideration of the Report. There are certain paragraphs in the Report and we have got appendices which contain the lists. I have got notice of certain amendments suggesting that certain paragraphs should be substituted by something else, that certain additions should be made to certain paragraphs and certain fresh paragraphs should be added. It seems to me that the report as a whole is now before the House and the Report is the Report of the Committee. I do not know whether it is open to the House to substitute a paragraph of the Report. Perhaps, the House can say that the principle embodied in a particular paragraph should be substituted by certain other principles or that the substance of the Report should be altered in a particular manner. I do not know if it is correct in form to say that a paragraph of the report should be substituted by something else.

Any way, that is only a technical matter. We have now to proceed to the merits of the report. We shall have to take the report paragraph by paragraph and if any amendments have to be made by the members, I will call upon them to put forward their suggestions of which they have given notice in the form of amendments. We take up the report paragraph by paragraph. Mr. Gopaldaswami Ayyangar, will you take up the report para by para ?

Mr. N. Gopaldaswami Ayyangar: Sir, I did not quite catch the suggestion that you were good enough to make. Is it your idea that I should read these para by para?

Mr. President: No. I do not think it necessary that the paragraphs should be read.

Mr. N. Gopaldaswami Ayyangar: May I make an alternative suggestion which would perhaps be simpler and this is a procedure which in the legislatures we follow in regard to bills. After the motion for taking the report of a Select Committee into consideration has been passed, the procedure is that the President says, the question is that Clause I do stand part of the bill, and then amendments are moved. If I may suggest the procedure, Sir, you may refer thereby to the number of the

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paragraph in this report and say that that para do stand part of the report. If there is any amendment, it may be considered and the para put to the vote.

Mr. President: I will follow that procedure. We shall take up para by para. I have not got notice of any amendment to para I.

Shri K. Santhanam: Sir, I have got a suggestion to make. I think we should take the items first and take the body of the report finally, because it is only a summary of the items. After we have disposed of the items, we can then discuss the various paras. If we take up the items first, it will save a lot of time. If we take the paras first, there will have to be a repetition of much of what has been said these two days.

Mr. M. S. Aney: Mr. President, the Report is in two parts. The first part gives us the principles on which the three lists in the second part are prepared. Now, to take up the analogy which has been referred to by one of my friends there, of considering a bill when it comes before the House, it must be noted that the bill generally has got one statement called the Statement of Objects and Reasons of the bill. Then there is the bill. The bill is considered first. At the end after the bill is accepted, we accept the Objects and Reasons as only giving us the grounds relevant to understand the bill and nothing more than that. We need not consider this report clause by clause. This gives the general principles on which the three lists are made. We have to examine these lists in the light of the principles enunciated there. Therefore, the proper procedure would be to consider the items first and at the end of it, if we find in dealing with the lists that some principles in the paragraphs have undergone a change, then we may make any change as regards the other part of the report.

Mr. N. Gopaldaswami Ayyangar: Sir, I entirely agree with Mr. Aney that if we strictly followed.....

B. Pocker Sahib Bahadur (Madras: Muslim): On a point of order, Sir, I would like to know whether the second report alone or the second report along with the first report, is before the House for consideration.

Mr. President: The second report is under consideration. It incorporates much of what was contained in the first report. If there is any difference, it is only the second that is under consideration now.

Mr. N. Gopaldaswami Ayyangar: If we followed strictly the procedure relating to bills, I agree entirely with Mr. Aney that what he proposes would be the right course. The particular suggestion I did make was due to your having already ruled that we were to consider the report also para by para. We have passed a motion that the report be taken into consideration and that by itself could be deemed to be sufficient approval of the House for taking the report under consideration and we have only to deal with the items in the list. You may have perhaps a general debate at the end when you can review the entire course of discussion and arrive at any conclusion you please. If, therefore, you are pleased to direct that we should consider the report para by para then the procedure I suggested may be adopted. If, on the other hand, you think that the report has already been taken into consideration, there is no need to go into the detailed paragraphs of that report and we may take simply the items and dispose of them.

Mr. President: I think we had better go to the lists. We shall take the items in the list one by one and when this is finished, we may take up the paragraphs if necessary. Perhaps, it may not be necessary at all. We shall take this up tomorrow. The House is now adjourned.

The Assembly then adjourned till Ten of the clock on Friday, the 22nd August 1947.
